Investment of Employees Provident Fund and Pension Fund in Stock Market

981. SHRI DIPANKAR MUKHERJEE: Will the Minister of FINANCE be pleased to state:

(a) whether he has made a statement that Employees Provident Fund and Pension Fund will be invested in stock market;

(b) if so, the details of the proposals;

(c) whether Government are aware that the trade unions have opposed the proposals; and

(d) if so, the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Government notification dated 31.3.99 (copy enclosed) (*See* below) lays down the pattern of investment of Provident Fund moneys. Among other categories investment upto 2% of incremental accretions in EPF moneys can be made in private sector bonds/ securities which have an investment grade rating from at least two credit rating agencies.

(c) Yes, Sir.

(d) The provisions under the notification mentioned above are only enabling in nature and are not mandatory.

Statement
Government of India
Ministry of Finance
(Department of Economic Affairs)

New Delhi, the 31st March, 1999.

NOTIFICATION

Subject: Pattern of investment to be followed by the non-Government Provident Funds, Superannuation Funds and Gratuity Funds.

No. F. 11(3)-PD/98. In partial modification of this Ministry's Notification of even number dated 12th June, 1998, the pattern of investment for incremental accretions by the non Government Provident Funds, Superannuation Funds and gratuity Funds shall be as follows effective from 1st April, 1999.

INVESTMENT PATTERN

		Percentage amount be invested
(i)	Central Government Securities as defined in Sec. 2 of the Public Debt Act, 1944 (18 of 1944); and/or units of such Mutual Funds which have been set up as dedicated Funds for investment in Government Securities and which have been approved by the Securities and Exchange Board of India;	Twenty Five percent
(ii) (a)	Government Securities as defined in Section 2 of the Public Debt Act, 1994 (18 of 1944) created and issued by any State Government, and/or units of scuh Mutual funds which have been set up as dedicated Funds for investment in Govenrment Securities and which have been approved by the Securities and Exchange Board of India; and/or	Fifteen percent

	(b) Any other negotiable securities the principal whereof and interest whereon is fully and unconditionally guaranteed by the Central Government or any State Government except those covered under iii (a) below;	
(iii)	(a) Bonds/Securities of 'Public financial institutions' as specified under Section 4(1) of the Companies Act, "Public sector Companies" as defined in Section 2(36-A) of the Income Tax Act, 1961 including public sector banks and the Infrastructure Development Finace Company Limited (IDFC); and/or	Forty percent
	(b) Certificate of deposits issued by public sector banks,	
(iv)	To be invested in any of the above three categories as decided by the Trustees.	Twenty percent

(v) The Trusts, subject to their assessment of the risk-return prospects, may invest upto 10% out of (iv) above, in private sector bounds securities which have an investment grade rating from at least two credit rating agencies.

2. Any moneys received on the maturity of earlier investments reduced by obligatory outgoings, shall be invested in accordance with the investment pattern prescribed in this Notification.

3. Interest received on the Special Deposit Scheme shall be invested in the Special Deposit Scheme itself. Similarly interest received under other categories may be re-invested in the same category.

4. The investment pattern as envisaged in the above paragraphs may be achieved by the end of a financial year.

S. C. Pandey
Director (Budget)